Credit Choices in Vietnam

Compare the benefit of buying now with the full cost of paying later.

SS7E10.d "Understand the uses and costs of credit."

NAME ______________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline the facts that show a benefit or a cost of Minh's credit plan. Circle the numbers that help you compare paying with credit and paying cash.

Minh's Tablet Decision

1 At a shop in Da Nang, Vietnam, Minh wants a used tablet for school projects. It costs 1,200,000 dong. He does not have enough saved, so he considers credit, an agreement to receive money or goods now and pay later. A store plan lets him take the tablet today and make six monthly payments. Credit can help Minh get a needed tool before he has all the cash and keep his savings for a family emergency.

2 Under the store plan, Minh would pay 220,000 dong each month for six months. His total payments would equal 1,320,000 dong. Compared with the cash price, the credit plan costs 120,000 dong more. That 120,000-dong difference is the extra cost of using credit. It does not include any missed-payment fees. If Minh pays late, the store could add fees, making the credit cost higher. He should ask what the agreement charges before he accepts it.

3 Before deciding, Minh should check his budget. He earns 300,000 dong each month from weekend work, but he already sets aside 150,000 dong for bus rides and school lunches. The 220,000-dong payment would be more than the money left in his monthly budget. He could wait and save, choose a less expensive tablet, or find a plan with a lower total cost. Comparing the cash price, total payments, payment dates, and late-fee rules helps a borrower use credit responsibly.

2 ANSWER WITH EVIDENCE

Use the passage

1. What benefit could credit give Minh when he wants the tablet?

2. How much more would Minh pay with the credit plan than with cash?

3. What could make Minh's credit cost higher than 1,320,000 dong?

4. Why does Minh's monthly budget make this credit plan risky for him?

3 YOUR TURN

Your own words

Create a credit choice for an item you might need or want. Write exactly three sentences that state the cash price and payment plan, calculate the total cost and extra credit cost, and explain whether you would use the plan based on a budget concern.

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PART 1 · READ AND MARK

Underline the facts that show a benefit or a cost of Minh's credit plan. Circle the numbers that help you compare paying with credit and paying cash. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What benefit could credit give Minh when he wants the tablet?	**It could let him get the tablet now, before he has saved enough cash, while keeping savings for an emergency.**
2	How much more would Minh pay with the credit plan than with cash?	**120,000 dong more.**
3	What could make Minh's credit cost higher than 1,320,000 dong?	**Paying late could cause the store to add missed-payment fees.**
4	Why does Minh's monthly budget make this credit plan risky for him?	**He earns 300,000 dong but sets aside 150,000 dong for bus rides and lunches, leaving 150,000 dong. The 220,000-dong payment is more than that amount.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A 900,000-dong phone could be bought with four monthly payments of 250,000 dong. The total would be 1,000,000 dong, so credit would cost 100,000 dong more than cash. I would wait and save because the 250,000-dong payment would leave too little for my bus fare.

Accept equivalent calculations and explanations that use passage evidence. For the open response, check that the student gives a cash price, a payment plan, a correct total and extra cost, and a budget-based decision.